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Fresh Deciduous Fruit

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Report Highlights:

Post estimates apple production at 290 TMT in CY 2001 and forecasts production for CY 2002 at 275 TMT. Apple exports are expected to increase only slightly in CY 2001 despite strong exports through October. Pear production is estimated at 175 TMT in CY 2001 and the 2002 crop is forecast at 165 TMT. Despite the outlook of a smaller pear crop in CY 2002, improved quality and more fruit suitable for export should see exports increase to around 22,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Apple production is estimated to have fallen to 290 TMT in CY 2001, a fall of around nine percent. Mixed weather conditions constrained production to average levels. Tasmania, which accounts for around a fifth of total production, suffered from hail while both Queensland and WA, representing around a quarter of production, suffered from drought conditions. Management problems in N.S.W. and wetter than average conditions in Victoria also constrained production to average levels. These states represent around half of the total crop.

Post forecasts production for CY 2002 at 275 TMT, five percent below estimated production for CY 2001. Both Victoria and N.S.W. had good flowering but have since suffered mixed conditions. Industry sources are concerned and believe that this will have a significant impact on the size of the national crop but suggest general quality will be higher. Both Western Australia and Queensland are still suffering the effects of drought conditions.

Mixed weather conditions including hail, drought and hotter than average weather reduced the overall quality of the CY 2001 crop. While some industry sources suggest that this crop was of below average quality, post estimates it to be of average quality.

Post forecasts apple exports to increase only slightly in CY2001 despite strong exports through October. Industry sources state that stock levels of apples are currently very low and post anticipates that exports for the final quarter of CY2001 will fall dramatically. This is in contrast to the final quarter of the previous year when exporters had large stocks to clear before the harvest of new season fruit. Post believes that smaller domestic supply and higher prices are responsible for the sell off of stocks earlier in the year for CY 2001.

The export outlook for CY 2002 at this stage indicates that domestic supply of apples for export will be tight due to forecast lower production. However, at this stage, industry anticipates a higher average quality for the crop partially constraining potential falls in export volumes.

Pear production for CY 2001 was estimated to be up ten 10 percent on the previous year at 175 TMT due to improved yields. The crop reportedly started well with an excellent flowering, but prolonged wet and humid conditions created fungus problems which constrained the overall quality of the crop. These condition were followed by hot and dry conditions which created sunburnt and generally smaller fruit. Industry sources agree that quality was average to below average.

Post forecasts put the 2002 crop at 165 TMT, 6 percent lower than the previous year. Some industry sources have preliminary estimates indicating that the crop could be down as much as 10 percent on the previous year. Although the Victorian crop has again experienced good blossoming, subsequent mixed conditions including heavy rain have done much to lower the yield potential of the crop at this stage. Some industry sources are suggesting that the adverse conditions suffered over the past year may have stressed the trees enough to have also affected the following crop.

Post anticipates that despite the outlook of a smaller pear crop in CY 2002, improved average quality and higher levels of fruit suitable for export should see exports increase to around 22,000 MT, slightly higher than that achieved in CY 1999, and 21 percent higher than CY 2001.

Fresh Apples

Production

PSD Table						
Country	Australia					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	19760	19760	19700	19700	0	19700
Area Harvested	0	0	0	0	0	0
Bearing Trees	6300	6300	6000	6100	0	6100
Non-Bearing Trees	2310	2310	2300	2300	0	2300
Total Trees	8610	8610	8300	8400	0	8400
Commercial Production	319651	319651	303000	290000	0	275000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	319651	319651	303000	290000	0	275000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	319651	319651	303000	290000	0	275000
Domestic Fresh Consump	160000	160000	135000	130000	0	128000
Exports, Fresh Only	36279	36279	37000	37000	0	32000
For Processing	123372	123372	131000	123000	0	115000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	319651	319651	303000	290000	0	275000

General

Apple production is estimated to have fallen to 290 TMT in CY 2001, a fall of around nine percent. Mixed weather conditions constrained production to average levels. Tasmania, which accounts for around a fifth of total production, suffered from hail while both Queensland and WA, representing around a quarter of production, suffered from drought conditions. Management problems in N.S.W. and wetter than average conditions in Victoria also constrained production to average levels. These states represent around half of the total crop.

Post forecasts production for CY 2002 at 275 TMT, five percent below estimated production for CY 2001. Both Victoria and N.S.W. had good flowering but have since suffered mixed conditions. Industry sources are concerned and believe that this will have a significant impact on the size of the national crop but suggest general quality will be higher. Both Western Australia and Queensland are still suffering the effects of drought conditions.

Growers are continuing to plant new trees, maintaining the trend toward newer apple varieties, which will initially have lower yields, as well as steadily removing older varieties. The newer plantings are mostly at a higher density which in the medium term will increase production per hectare. Popular new varieties include Pink Lady, Lady Williams, Sundowner, Fuji and Gala.

Apples are produced in all six Australian states with Victoria and N.S.W. producing 31 percent and 21 percent of the national crop respectively. Tasmania and WA also produce large apple crops and contribute around 18 percent and 13 percent of the national crop respectively. Queensland and South Australia are minor apple producing states producing 10 percent and seven percent respectively.

According to the ABS, of the varieties of apples produced in Australia, Red Delicious still has the largest share, accounting for 27.6 percent of production with the other traditional variety Granny Smith producing 23 percent of the crop. The newer varieties such as Pink Lady, Golden Delicious, Gala and Fuji produce 10.3, 7.6, 7.5, and 6.0 percent of the crop respectively.

Yield

According to the ABS, yield per tree in CY 2001 was put at 52.3 kg. However, the yield varied widely across varieties with Granny Smith at 82.2 kg, Pink Lady at 53.8kg, Red Delicious at 44.1 kg, Gala at 41.1 kg and Fuji at 34.1.

Consumption

General

According to ABS figures, per capita consumption reached 15.3 kg in 1998/99, up four percent on the 14.7 kg achieved the previous year. These figures show steady growth in consumption over the past three years.

Prices

A smaller crop in CY 2001 placed upward pressure on prices and industry sources state that producers have benefitted from this. Furthermore, with the depletion of stocks, prices have lifted further and are expected to remain firm into the new season crop in CY 2002.

Crop Area

The composition of the Australian apple crop area continues to change due to the reduction in plantings of older varieties and an increase in plantings of new varieties. The newer varieties bear earlier and are targeted toward the higher price end of the domestic and export markets.

A report commissioned by the GOA put apple tree plantings at 9.7 million trees for 2000, and the area planted at approximately 25,000 hectares. Of these trees, five percent were under one year, 32 percent were aged between one and five years and 63 percent were 6 years and over.

Inputs

According to the report commissioned by the GOA, input costs per hectare in Australia (A\$5,900) are lower than those for both South Africa (A\$6,900) and New Zealand (A\$8,500). However, inputs costs per tonne were higher in Australia (A\$380) compared to South Africa (A\$182) and New Zealand (A\$185). The US compared favorably at A\$116 per MT.

Crop Quality

Mixed weather conditions including hail, drought and hotter than average weather reduced the overall quality of the CY 2001 crop. While some industry sources suggest that this crop was of below average quality, post estimates it to be of average quality.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Apples		
Time period	Cal Yr	Units:	MT
Exports for:	2000		2001
U.S.	216	U.S.	33
Others		Others	
Malaysia	10070	Malaysia	7749
Singapore	5109	India	5495
Sri Lanka	4211	Singapore	4042
India	3578	United Kingdom	3369
United Kingdom	3188	Sri Lanka	2975
Bangladesh	1995	Bangladesh	2355
Taiwan	1921	Hong Kong	1510
Hong Kong	1428	Taiwan	1382
Indonesia	1414	Japan	945
Papua New Guinea	598	Indonesia	867
Total for Others	33512		30689
Others not Listed	2551		2996
Grand Total	36279		33718

Note: Figures for 2001 are for the period January-October.

General

According to official ABS figures, exports for calendar year 2000 increased by 37 percent when compared to the previous year. Post believes that higher domestic production and a lower Australian dollar combined with high export demand are the driving factors behind increased exports. Exports to Malaysia were up 18 percent on the previous year and accounted for 28 percent of total exports, Australia's largest export market. Of particular interest are exports to India, Bangladesh and Sri Lanka which increased dramatically. Industry sources state that these countries are mostly importing the traditional Red Delicious variety which usually attracts lower prices on the domestic market.

Post forecasts exports to increase only slightly in CY2001 despite strong exports through October. Industry sources state that stock levels of apples are currently very low and post anticipates that exports for the final quarter of CY2001 will fall dramatically. This is in contrast to the final quarter of the previous year when exporters had large stocks to clear before the harvest of new season fruit. Post believes that smaller domestic supply and higher prices are responsible for the sell off of stocks earlier in the year for CY 2001.

The export outlook for CY 2002 at this stage indicates that domestic supply of apples for export will be tight due to forecast lower production. However, at this stage, industry anticipates a higher average quality for the crop partially constraining potential falls in export volumes.

Policy

The Australian government recently released a study of the Australian apple industry. The report, titled "The Australian Apple Industry Squeeze," specifically focused on: current practice versus best practice; economic impacts of apple juice imports; and options to improve industry competitiveness.

Of particular interest to industry sources was the issue of concentrate apple juice imports which some claim to be imported well below the cost of production in Australia. The study found that "growers and processors of Australian apples lose from the importation of low cost concentrated apple juice." The Minister for Agriculture (the Hon. Warren Truss) has publicly raised the possibility of whether concentrated apple juice is being "dumped" in Australia. Minister Truss has referred the matter to the Minister for Customs (Minister Ellison) requesting that he give careful consideration to any industry approach for countervailing assistance. Sources indicate that industry is currently assessing this report.

Since the publication of this report in June, media reports state that apple growers have approached the Federal government with a view to introducing a countervailing duty. However, while the government has stated in Parliament that imports of concentrated apple juice have increased dramatically in recent years, no processing plants have closed down as yet. No formal application for anti-dumping measures has yet been made and, although it is possible, industry is currently taking a promotional approach to combating cheaper imported concentrated apple juice.

Non-tariff Barriers

Fire blight is a major impediment to Australian apple imports. Australia is currently free of the disease and is very keen to maintain this status. However, New Zealand has been persistent in trying to gain access to the Australian fresh apple market.

In January 1999, New Zealand lodged another access request with Biosecurity Australia (BA) on the basis of "least trade restrictive measure." On October 11, 2000, BA issued a draft Import Risk Analysis (IRA) which set out the conditions under which New Zealand apples could be imported. More than 100 responses have been submitted including the US and New Zealand Governments. BA has recently published the risk assessment panel which will oversee the completion of the final IRA.

Industry has reacted angrily to the draft IRA and this issue has received much attention from the media. Industry has voiced its concern that the import requirements set out in the IRA are too liberal and would subject Australian growers to unacceptable levels of risk.

The process of addressing access requests from the United States will not commence until the New Zealand IRA is completed.

Export Subsidies

There are no subsidies paid by Australia for the export of deciduous tree fruit.

Marketing

General

Traditionally the two major horticultural organizations in Australia have been the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC was responsible for research and development and the AHC was responsible for promotional activities. Both organizations were funded by levies paid by growers and received pro-rata government funding for specific purposes.

Horticulture Australia Ltd. (HAL) is the new organization that replaced the AHC and HRDC on February 1, 2001. It was established under corporations law as a not-for-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets as well as to exploit the opportunities for uptake and commercialization of new technology.

Competitive Activities

According to government reports, HAL spends around A\$1.6 million on domestic promotion and A\$0.65 million on export market development. In CY 2001, a new domestic promotion campaign "It's Crunch Time" was launched and incorporated a mass media campaign, public relations activities, research, state promotions and merchandising.

As well as domestic promotion, HAL also organizes export marketing campaigns in key export markets such as Malaysia, India, Hong Kong, Indonesia, Singapore and Sri Lanka under the "Australia Fresh" promotion campaign. A report commissioned by the GOA, identifies that consumption of apples is mostly threatened by convenience snack foods which can receive up to seven percent of retail value for marketing. Apple promotion, by contrast, is around one percent of the farm gate value. The report is also critical of HAL's continued reliance on generic promotion when international competitors have switched to product promotion based on varieties.

Fresh Pears

Production

PSD Table						
Country	Australia					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	1950	1950	1950	1950	0	1950
Non-Bearing Trees	550	550	550	550	0	550
Total Trees	2500	2500	2500	2500	0	2500
Commercial Production	159500	159500	180000	175000	0	165000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	159500	159500	180000	175000	0	165000
TOTAL Imports	1116	1116	1000	500	0	1000
TOTAL SUPPLY	160616	160616	181000	175500	0	166000
Domestic Fresh Consump	73000	73000	78000	74728	0	84000
Exports, Fresh Only	20562	20562	19500	17272	0	22000
For Processing	67054	67054	83500	83500	0	60000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	160616	160616	181000	175500	0	166000

General

Pear production for CY 2001 was estimated to be up ten 10 percent on the previous year at 175 TMT due to improved yields. The crop reportedly started well with an excellent flowering, but prolonged wet and humid conditions created fungus problems which constrained the overall quality of the crop. These condition were followed by hot and dry conditions which created sunburnt and generally smaller fruit. Industry sources agree that quality was average to below average.

Post forecasts put the 2002 crop at 165 TMT, 6 percent lower than the previous year. Some industry sources have preliminary estimates indicating that the crop could be down as much as 10 percent on the previous year. Although the Victorian crop has again experienced good blossoming, subsequent mixed conditions including heavy rain have done much to lower the yield potential of the crop at this stage. Some industry sources are suggesting that the adverse conditions suffered over the past year may have stressed the trees enough to have also affected the following crop.

Crop Quality

Around 85 percent of Australian pears are grown in Victoria. Victoria has suffered mixed conditions throughout CY 2001 and so has significantly downgraded the overall quality of the national crop.

Cross Commodity Developments

Increased production of Nashi pears will continue to provide extra competition for traditional Australian pear varieties on the domestic fresh fruit market. The Australian Nashi fruit industry has attempted to maintain part of the fruits' premium image, rather than competing directly with traditional pears. Nashi pears continue to account for around seven percent of pear production.

Utilization Patterns

Industry sources suggest that the medium term average for the pear crop is for 40 percent of production to be consumed on the domestic fresh market, 45 percent to be used for processing and the remaining 15 percent to be exported. However, a slightly higher percentage of the total crop in CY 2001 went into processing due to quality problems associated with adverse weather conditions.

Consumption

Prices

Average returns to pear growers are estimated to have remained strong during 2001 despite a larger domestic crop. Post anticipates that this will continue into 2002 with the outlook of declining production.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Singapore	6750	Malaysia	4850
Malaysia	4955	Singapore	4735
Indonesia	2543	Indonesia	2084
Hong Kong	2535	Hong Kong	1576
New Zealand	1324	New Zealand	1053
Canada	751	Canada	646
The Netherlands	324	The Netherlands	356
Brunei	254	India	250
India	174	Fiji	193
New Caledonia	169	Switzerland	145
Total for Others	19779		15888
Others not Listed	783		907
Grand Total	20562		16795

Note: Figures for 2001 are for the period January-October.

Import Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Imports for:	2000		2001
U.S.	3	U.S.	0
Others		Others	
China	1011	China	147
Singapore	91	Rep of Korea	12
Rep of Korea	11	Japan	10
Total for Others	1113		169
Others not Listed	0		0
Grand Total	1116		169

Note: Figures for 2001 are for the period January-October.

General

According to official ABS figures, exports for CY 2000 were up 44 percent on the previous year reaching 20,562 MT. A large crop and a low Australian dollar were the driving factors behind exports. Singapore was the largest export market taking 33 percent of total exports and increased in size by 61 percent. Malaysia and Indonesia are the next largest markets and exports to these destinations increased dramatically.

Year to date export figures show a 16 percent fall for CY 2001 when compared with the previous year. Adverse climatic conditions have led to lower levels of fruit suitable for export.

Post anticipates that despite the outlook of a smaller crop in CY 2002, improved average quality and higher levels of fruit suitable for export should see exports increase to around 22,000 MT, slightly higher than that achieved in CY 1999, and 21 percent higher than CY 2001.

Marketing

General

See marketing section under apples.

Competitive Activities

During the 2000 season the AHC continued to target markets that are considered to be economically sound in Asia and Europe.

The AHC has used the “Australia Fresh” scheme as an integral part of export promotion in Asian markets. Australia Fresh is an umbrella brand and promotional support program with the sole aim of creating a preference for Australian fruit and vegetables in export markets (see Apples, Competitive Activities).

Policy

General

Fire blight is the major impediment to U.S. pear exports to the Australian market. For further information see the Commodity Outlook, Policy, section for fresh apples.

Export Subsidies

There are no subsidies paid by Australia for the export of deciduous tree fruit.